

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6394

BILL NUMBER: SB 346

NOTE PREPARED: Dec 6, 2004

BILL AMENDED:

SUBJECT: Proof of Motor Vehicle Financial Responsibility.

FIRST AUTHOR: Sen. Antich-Carr

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that certain motor vehicles must display an item that serves as proof of financial responsibility. It makes it a Class C infraction for a vehicle owner to fail to: (1) display the item that proves financial responsibility; or (2) have correct information on the item. The bill specifies the information that must be on the item. The bill provides for a charge of not more than \$1 from an insurer for furnishing an item that serves as proof of financial responsibility.

The bill also requires the operator of a motor vehicle involved in an accident to report the accident to the Bureau of Motor Vehicles (BMV) and the State Police, and specifies information to be contained in the report. (Current law requires a report to the State Police only.)

Effective Date: July 1, 2005.

Explanation of State Expenditures: The Bureau of Motor Vehicles (BMV) would be required to issue proof of financial responsibility stickers for individuals who provide a bond executed with respect to the vehicle under IC 9-25-4-9, deposited funds with the Treasurer of State under IC 9-25-4-10, or been issued a certificate of self-insurance under IC 9-25-4-11. Currently, the BMV issues two types of stickers: (1) a standard sticker for passenger motor vehicles and (2) a dealer sticker. PEN Products (Prison Enterprises Network), the manufacturing and sales arm of prison-made products, charges the BMV \$0.14 for the passenger motor vehicle sticker and \$0.15 for the dealer sticker. Total expenditures will depend upon the number of stickers needed, but are expected to be minimal and can be absorbed within the current BMV budget. The funds affected are: (1) the Motor Vehicle Highway Account, which supports the BMV; and (2) the PEN Products Revolving Account.

The State Treasurer reports that there are currently no funds deposited as proof of financial responsibility and that there are no certificates of self-insurance on record.

Also, the bill requires the operator of a motor vehicle involved in an accident to report the accident to the Bureau of Motor Vehicles (BMV) and the State Police, and specifies information to be contained in the report. (Current law requires a report to the State Police only and for the State Police to forward the report to the BMV, although reportedly this doesn't always occur.) For the BMV, there will be additional staff time spent on the accident report required to be sent to them. The BMV would then be required to check the report to verify the presence of the signature of the insurance agent indicating that an insurance policy was in force at the time of the accident, or conversely, the absence of an insurance agent's signature would reveal that insurance was not in force at the time of the accident and the BMV would need to further pursue the situation. The fund affected for the BMV is the Motor Vehicle Highway Account which supports the BMV.

Explanation of State Revenues: *Penalty Provision:* The bill provides for a Class C infraction for registering or operating a motor vehicle without a proof of financial responsibility sticker or for having a sticker containing false information. The bill provides for a monetary judgement of \$100 if the decal or other item is missing or outdated by less than 30 days. The judgement is at least \$100, but not more than \$250, if the decal or other item contains information outdated by at least 30 days, and \$500 if the information on the decal or other item is false or incorrect for a reason other than being outdated. However, if the owner of the vehicle is subsequently able to prove that financial responsibility was in effect, the Class C infraction cannot be imposed.

Although there are no data available to indicate how many people may be found guilty of this crime, for the 12-month period ending October 1, 2004, there were 4,768 citations for no insurance. Of these citations, 4,667 people were found guilty.

If additional court cases occur, revenue to the state General Fund may increase if infraction judgments and court fees are collected. Infraction judgments are deposited in the state General Fund. If court actions are filed and a judgment is entered, a court fee of \$70 would be assessed. If the case is filed in a court of record, 70% of the court fee would be deposited in the state General Fund. However, 55% would be deposited in the state General Fund if the case is filed in a city or town court.

Explanation of Local Expenditures: This bill contains provisions for private insurers to charge a fee of \$1 for each sticker issued. Local governments could be impacted to the extent that they purchase private vehicle insurance.

Explanation of Local Revenues: *Penalty Provision:* If additional court actions are filed and a judgment is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the \$70 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. (2) A \$3 fee would be assessed and, if collected, would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed and, if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

State Agencies Affected: Bureau of Motor Vehicles; PEN Products; State Police.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources: Bureau of Motor Vehicles, *Suspensions and Citations Report*, October 1, 2004; Jennifer Swenson, Sales Manager, PEN Products, 317-388-8580, ext. 273.

Fiscal Analyst: James Sperlik, 317-232-9866.